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# Exhibit I

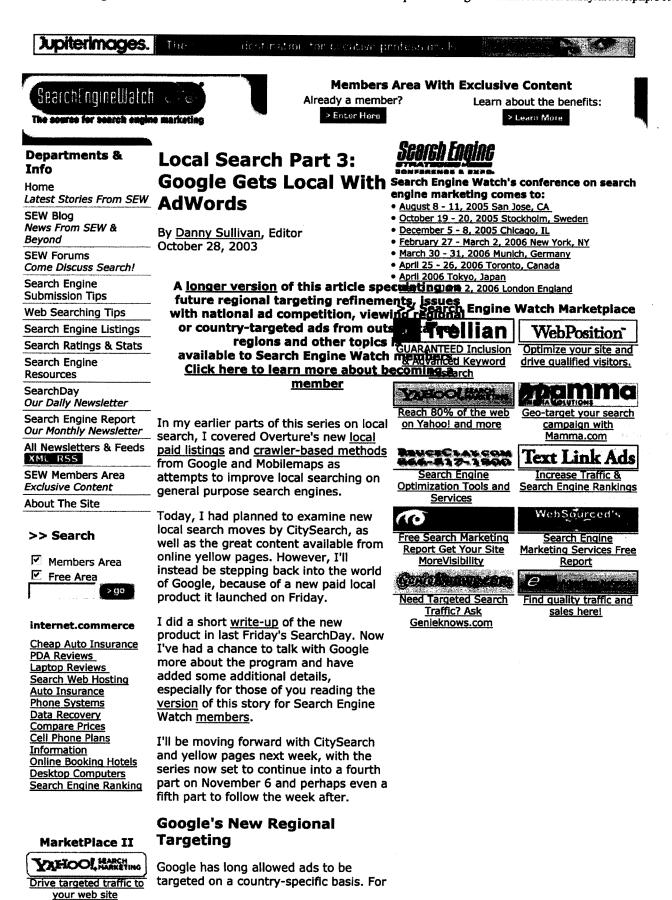
# Local Search Part 3: Google Gets Local with

AdWords

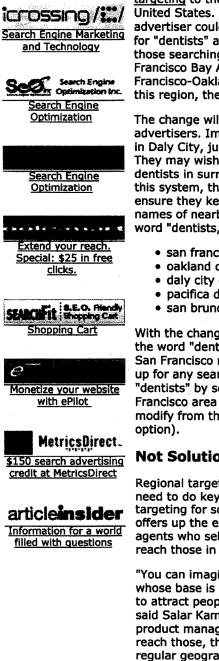
Exhibit I

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Google

Cash in on your content with Google AdSense

example, it's easy to make your ads only be seen by those in the United Kingdom, if you want to target the audience there.

Now Google has rolled out regional targeting to the local level within the United States. For instance, an advertiser could choose to have their ad for "dentists" appear only in front of those searching from within the San Francisco Bay Area (San Francisco-Oakland-San Jose), Outside this region, the ad would not be seen.

The change will be a real relief to some advertisers. Imagine the dentist based in Daly City, just south of San Francisco. They may wish to target those seeking dentists in surrounding areas. Before this system, the only choice was to ensure they keyword-targeted the names of nearby cities along with the word "dentists," such as:

- san francisco dentists
- oakland dentists
- · daly city dentists
- pacifica dentists
- san bruno dentists

With the change, they can simply target the word "dentists" and restrict to the San Francisco region. Then they'll come up for any search involving the word "dentists" by someone in the San Francisco area (assuming they don't modify from the default broad match

## **Not Solution For Everyone**

Regional targeting won't eliminate the need to do keyword-based local targeting for some advertisers. Google offers up the example of real estate agents who sell in one area but want to reach those in another.

"You can imagine in real estate an agent whose base is local but they also want to attract people from outside the area," said Salar Kamangar, director of product management at Google. "To reach those, they need to buy the regular geographic keywords as they did before."

In other words, picture someone selling homes in the San Francisco Bay Area. By using the new regional targeting feature, it's now easy to make their ads show up for anyone in the Bay Area searching for a phrase containing "new



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homes." However, a person in Dallas thinking of moving to the area would never see these ads, if they did a local search such as:

Jupiterimages.

The Premier Destination for Creative Professionals Featuring Comstock.com, Photos.com, Clipart.com, PhotoObjects.net, and Animations.com.

- san francisco new homes
- new homes in oakland
- prices of new homes in san bruno

Instead, the Bay Area real estate agent will still need to target all the regionally-specific terms, as well.

## Dealing With Targeting Inaccuracies

Google's system works by identifying the IP address of a user, a system it has long employed to allow advertisers to target ads to specific countries. The US targeting matches the 210 "designated market areas" that are used to define television markets.

IP matching usually works, but it is not perfect. I live in the United Kingdom, for example. Occasionally in the past, Google's IP detection has gone haywire and forced me to its Google Germany site because my ISP has assigned me an IP associated with a German physical address. And currently, Google shows me ads targeted to those in the US. I connect through AOL, so it thinks I'm in the US.

Google's solution is that if it can't identify a person's location, it will serve up "national" or non-regionally targeted ads instead. Unfortunately, among the group it currently can't identify are any of the millions of AOL subscribers, Google said.

There's also a chance that someone's location will be misidentified, Google admits. However, it says this is usually a case where they are shown ads for a nearby geographic area, rather than some place well removed from their location.

"In those cases, often we aren't mapping them to a region like opposite coasts but the next region over," Kamangar said.

Determining a person's geographical location is also an issue for where Google shows ads outside its own network of web sites. For instance, AOL and others have their own search engines that incorporate Google's paid listings. Only at some of these will regional targeting work. At others, it will be disabled because the Google partner doesn't pass along enough information to make regional targeting accurate, Google said.

AOL Search is an example of one of Google's syndication partners where regional targeting is not being used, but the company hopes this will change over time.

"We want all the syndication partners to work with this, and generally they are very excited to do it," Kamangar said.

How about local targeting outside the United States? At the moment, Google says that IP targeting isn't good enough for this, but it may come if the data quality improves.

## Search By Location To Get Ads?

As previously written, Google has a map-based local search product, where results are gathered from crawling the web. Will the new regional ads be integrated into that product, which lists web sites for free? Not immediately because of low volume, Google says.

If the Google Search By Location product were to gain traffic or emerge from beta as a tabbed service, similar to the existing Web, Images, Groups, Directory and News search services, then the issue of bringing in ads would become more likely.

The challenge is that there's no way Google's new regional targeting will allow ads to

be placed on the map that Search By Location creates as a centerpiece, in the way that Overture's <u>local search product</u> allows. This is because Google's regionally targeted ads don't include physical "bricks & mortar" locations. However, the regionally targeted ads could run alongside the map.

"What we'd likely do is the same thing with a normal search results page," Kamangar said, alluding to how on a regular Google web search, paid listings appear above and to the side of results found from crawling the web.

In particular, Google might look at the city used in a local search's address box, such as "san francisco," and add that to the search term used, such as "dentist," to bring back ads that target all of those words. Ironically, this means it wouldn't use the new regional targeting but rather traditional keyword targeting.

#### Still In Beta

Google stressed that its regional targeting is still in beta. The program was already beta tested by about 10 advertisers over the past two months, but last Friday's release is still keeping the beta moniker because the final product is likely to change now that thousands of advertisers will be trying it for the first time.

"We expect things to change, and that's why we are calling it beta still," Kamangar said.

## **Coming Up Next**

In my next part of this series on local search, I'll return as planned to a close-up look at the editorial and paid products offered by CitySearch. I'll also be recapping the excellent online yellow pages resources that are available. Many major search engines offer good, yellow page style listings already, but users may be unaware of these. I'll guide you to these options plus highlight how the search engines themselves are looking to make local search magically happen when it should, without the user doing anything special.

> A <u>longer version</u> of this article speculating on future regional targeting refinements, issues with national ad competition, viewing regional or country-targeted ads from outside target regions and other topics is available to Search Engine Watch members. <u>Click here to learn more about becoming a</u> <u>member</u>

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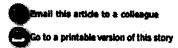
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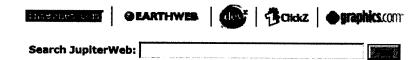


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